Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the matter of		
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Lifeline and Link Up	)	WC Docket No. 03-109

Comments of One Economy Corporation

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1. Executive Summary and Overview of Recommendations

Over one year ago, the Federal Communications Commission (FCC) unveiled its National Broadband Plan (NBP), a 376-page document laying out a strategy of how to connect the country to broadband over the next decade. The NBP creates a solid vision for our country. Now is the time to execute upon the NBP, and modernizing and reforming universal service could deliver the greatest policy benefits for underserved and unserved communities. One Economy (OE) is enthused to see attention shift to this vital policy lever: the pace of technological evolution is creating a unique, but time-sensitive, window, to rapidly close the gap that exists in at-risk communities, and our comments reflect a desire to get this right now.

The NBP, in its entirety, is a visionary plan. It was developed out of a belief that all Americans, regardless of income, race, ethnicity, gender and location, should have reliable and affordable access to broadband to ensure full participation in an increasingly complex and interwoven world. Arguably, the NBP's primary contribution to the broadband agenda thus far has been the debate and dialogue it has sparked. NBP executive director Blair Levin recently remarked on how it has helped spur meaningful discussion on broadband issues, such as reforming universal service, by delivering evidence and reliable data to policy makers.[1] Similarly, fact-finding, debates, and pilots aimed at reducing waste, eliminating fraud, increasing transparency, developing public-private partnerships and providing resources, tools, and applications to those in need are all imperative to the success of a modernized universal service program.

Reforming universal service provides the opportunity for these principles to be more clearly reflected in our national broadband policies and programs. At this point in time, we need to take those important lessons and put them into action by *implementing* these reforms, rather than simply discussing them. The nation cannot

[1] Blair Levin, Speech to the Joint Center on Political and Economic Studies. "My Mistake; Our Opportunity." March 2011.

afford to let the digital divide grow as we meander and pontificate: we owe it to our citizens and to the thoughtful directive of the NBP to produce real change.

Starting from that viewpoint and the belief that allocation must follow purpose, One Economy proposes the following series of recommendations, delivered in detail in the sections that follow:

- 4.1 All Efforts around Lifeline and Link-Up must consider modernization
  - 4.1.1 Immediately target reforms in areas of waste, fraud, and abuse
  - 4.1.2 Push for significant modernization by end of fiscal year 2011
- 4.2 Create a national database of persons eligible for broadband Lifeline
  - 4.2.1 Mandate awareness activities by all ETCs
  - 4.2.2 Maintain eligibility at current level
  - 4.2.3 Set up the USAC or another FCC-controlled entity to oversee the national database
  - 4.2.4 Provide "blind" access to the database for awareness and verification to ETCs and to ISPs wishing to run broadband adoption programs
- 4.3 Leverage USF for comprehensive adoption
  - 4.3.1 Broadband (ISP) cost to Lifeline recipient of $10 a month (with potential for reduction in subsidy over time)
  - 4.3.2 Require ETCs to offer Lifeline subscribers computers subsidized primarily by private partners in the computer industry, with a $25-$40 subsidy coming from USF funds. One low-cost device at $150 or less, with other options for the consumer.
  - 4.3.3 Require ETCs to provide a minimum level of in-person, printed, and/or online digital literacy, directly or through partners
  - 4.3.4 Require ETCs to provide a minimum level of localized content
- 4.4 Promote serious and immediate pilots

4.4.1 Principals for pilots include not slowing down the process to modernization, covering key issues where our knowledge is insufficient, and leveraging significant contribution from the private sector

4.4.2 One Economy's recommended pilots include:

4.4.2.1 4G Public Private Partnership (PPP)

4.4.2.2 Reverse Auction Pilot

4.4.2.3 Shared Wireless Services in HUD Public and Affordable Multi-Dwelling Units

4.5 Promote the role of the market and PPPs

4.5.1 USF should stimulate market activity and market entry into low-income markets, as opposed to replacing it

4.5.2 As willingness-to-pay increases for Lifeline subscribers, extent of subsidy can decrease

4.5.3 Roles of PPP should include:

4.5.3.1 Providing cheaper, better device options

4.5.3.2 Delivering digital literacy training

4.5.3.3 Funding large-scale projects

4.5.3.4 Staying close to community needs

4.6 Leverage Lifeline Link-Up through Partnerships with Other Agencies and Programs

4.6.1 FCC should encourage partnerships with:

4.6.1.1 Department of Education: National Education Technology Plan, Race to the Top, and Promise Neighborhoods

4.6.1.2 Department of Housing and Urban Affairs, including Choice Neighborhoods

4.6.1.3 Department of Health and human Services, including Community Health Centers

4.6.1.4 Other agencies, including Department of Labor, Small Business Administration, Corporation for

National and Community Service, and Department of Energy

4.6.2 Garnering state and local support is vital, as it could lead to complementary local initiatives and funding

4.7 Maximize the opportunity and interest of Lifeline subscribers, the general public, and investors, via public purpose application of funds

4.7.1 One Economy provides support for Blair Levin's innovative concept of utilizing public, private, and nonprofit sources to provide additional subsidies for Lifeline subscribers who utilize broadband for targeted national purpose applications

4.7.2 PPPs should also be convened by FCC for this goal

4.8 Mobility Fund recommendations include:

4.8.1 Minimum performance requirements must include 4G pathway

4.8.2 Size of Mobility Fund should be set to the $300 million high-side proposed funding range

4.8.3 Maximize efficiency by focusing on urban "dead zones" in addition to rural remote areas

4.9 ETCs should include nonprofits and PPPs

2. One Economy Backgrounder

One Economy (OE) is the leading broadband adoption entity. We are a global nonprofit organization that leverages the power of technology and connects underserved communities around the world to vital information that will improve their lives. Through the delivery of community-driven broadband adoption solutions, including home broadband service, digital literacy training, and localized, relevant content, OE works with organizations across the public, private and nonprofit sectors to provide services to emerging markets and facilitate each step in enabling people to enter the 21st century digital economy. OE's comprehensive approach centers on the creation of digital information ecosystems in low-income communities.

24/7 Broadband Connectivity

A critical first step in creating sustained Internet adopters is making technology easy, comfortable to use, and accessible 24/7. To this end, OE works with top-of-market partners to facilitate the deployment of broadband into the homes of low-income individuals as well as onto their person, through mobile solutions. To date, OE has brought Internet access into the homes of 375,000 low-income Americans, and, in 2011, will connect another 100,000 residents living in affordable housing to broadband. We have also developed and encouraged state-by-state affordable housing finance policies that promote inclusion of broadband in low-income households. Lastly, we are creating new opportunities in the mobile space by partnering with mobile broadband carriers and application providers. Through this work, we have established relationships with more than 800 community-based partners to provide digital adoption services in more than 200 communities across the United States.

Benchmark Digital Literacy Programs

OE has developed best-practices around the creation and delivery of digital literacy training. Through our Digital Connectors youth program and Community

Technology Associates (CTAs), OE implements a train-the-trainer model, through which we recruit youth and local community members to become technology ambassadors in their community and provide basic training, technical assistance, and troubleshooting to fellow community members. OE has standardized a curriculum and training model for these programs and will deliver digital literacy training to approximately 235,000 people over the next two years, in addition to the tens of thousands that we have provided training for to date. Our service learning initiative has also created a legion of volunteers – by 2012, youth from these programs will have committed 200,000 hours of community service in technology training. Referenced below is a video of a Digital Connectors from San Francisco discussing their involvement in the program with Chairman Genachowski.[2]

Public Purpose Content and Applications

OE has created a network of public-purpose media properties that connects low-income people to vital resources including free online tax services and information on health, jobs, money, schools, and housing. We understand the great value that broadband can have in an individual's life and have witnessed the explosive growth in value as individuals access content that is relevant to their lives. OE has built online tools and applications, and delivers hyper-local resources that address the critical issues residents have in underserved markets. The majority of our content is housed on our multi-lingual Beehive (www.thebeehive.org) and Public Internet Channel (www.pic.tv), websites that have been visited by over 20 million people. Our Earned Income Tax Credit campaign and other tax efforts have returned over $97 million to low-income Americans (will top $100 million in the coming weeks). And our recently launched Applications for Good (www.applicationsforgood.com) project is stimulating the creation of mobile applications that meet the previously un-met needs of low-income consumers.

[2] http://www.youtube.com/watch?v=K8sfwBvYcqU

Public Private Partnerships

The foundation of OE's success has been our ability to engage partners from across the public, private and nonprofit sectors and leverage their unique assets to create local solutions that drive sustained broadband adoption. Starting in 2005, OE began a partnership with AT&T through the $72 million *AccessAll* initiative, a multi-state digital adoption project. Through the partnership with AT&T, OE is in the final stages of connecting 50,000 low-income households across the country to broadband Internet, primarily by setting up WiFi networks in multi-dwelling units in addition to DSL connections in Habitat for Humanity homes. OE has worked with other Internet Service Providers (ISPs), including Charter Communications and LEAP Wireless, to distribute broadband to low-income individuals and implement comprehensive community-based initiatives in the Portland, San Diego, St. Louis, and Washington DC. Recently, we became a lead partner in the Comcast Broadband Opportunities Program (CBOP), which will offer $10 broadband Internet service, a computer device at $150 or less, and digital literacy training to 6.6 million low-income children on the free National School Lunch Program (NSLP) within the Comcast footprint.

As a result of these successful efforts, OE has positioned itself as a leader in facilitating community-based, broadband adoption solutions. In 2010, OE was asked to take a lead role in assembling the Digital Adoption Coalition, a public-private partnership developed to apply for second round of stimulus funding that included partners such as the U.S. Department of Housing and Urban Development, the Federal Communications Commission, Microsoft, Intel, Dell and major telecommunication and cable companies. In the same year, OE was awarded a $28.5 million grant from the U.S. Department of Commerce, the largest awarded in the sustainable broadband adoption category.

National Coalitions

OE's strong partnerships within the private sector and federal governments have been supported by our commitment to involving the local community in each stage

of our projects. In 2009, OE convened the Broadband Opportunity Coalition (BBOC). BBOC partners, including the National Urban League, NAACP, National Council of La Raza, Asian American Justice Center, League of United Latin American Citizens, Minority Media and Telecommunications Council, and Joint Center on Political and Economic Studies serve as partner organizations that operate and distribute programs and content to increase broadband adoption among the millions of people living in the minority communities they serve. In 2011, OE created the National Technology Adoption Advisory Council (NTAAC), a coalition of approximately 80 local and state government officials who are concerned with broadband and technology adoption. Through NTAAC, OE will convene, support, and empower local officials in their effort to leverage broadband to improve their communities and the lives of their constituents.

As a result of these successful efforts, OE has positioned itself among government agencies and private and public entities as a leader in facilitating community-based, broadband adoption solutions. Julius Genachowski, Chairman of the FCC, described OE as "one of the most vital nonprofits in the technology space, a real leader in expanding economic opportunity through Internet Connectivity." Aneesh Chopra, United States Chief Technology Officer, said, "We see the One Economy team as a platform of innovation to deal with this challenge of broadband adoption." Finally, as honorary co-chairman of One Economy's Public Internet Channel (www.pic.tv), now-President Barack Obama stated that the platform "can do for social services what Yahoo has done for accessing entertainment or Craigslist has done for accessing local goods for sale."

3. Need Case

Approximately 35% of adults in the United States – nearly 100 million Americans – have not yet adopted home broadband service.[3] While the geographic divide in adoption rates persists between rural and non-rural communities, the main determinants of broadband adoption now predominantly fall along socioeconomic lines. According to a 2010 survey by the FCC, 87% of households with annual incomes above $50,000 have adopted broadband, compared to only 40% of low-income households whose incomes fall below $20,000 annually. Similarly, while 69% of white households are broadband adopters, these figures are only 59% and 49% for Black and Hispanic households respectively.[4] Yet, approximately 96% of U.S. households have access to broadband, so, for the majority of non-adopting households, barriers to adoption have shifted from availability, to issues of price, digital literacy, and relevancy.[5]

As our 21st century economy becomes more reliant on broadband as the essential technology resource, individuals unable to afford access or gain the necessary skills risk falling further behind. In our knowledge-based society, it is becoming increasingly difficult for non-adopters to pursue higher education, compete for jobs, or become empowered citizens. Furthermore, underserved communities face additional disadvantages when the majority of their residents fail to adopt broadband. Rural, inner-city, and minority communities with higher concentrations of non-adopters are more likely to experience poorer educational outcomes[6], increased dropout rates[7], and lower wages; [8] features that are critical for enhancing local economies and building vibrant communities.

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[3] Horrigan, John, "Broadband Adoption and Use in America", OBI Working Paper Series NO. 1, Federal Communications Commission, February 2010.
[4] Ibid.
[5] According to the FCC, of the 35% of non-adopters in the United States, 36% cite price, 22% cite a lack of digital literacy skills, and 19% cite a lack of relevancy for the reason they have not adopted broadband in the home.
[6] Jackson, Linda. "Does Home Internet Use Influence the Academic Performance of Low-Income Children?" Developmental Psychology: 2006, Vol. 42, No.3, 000-000.
[7] John Watson & Butch Gemin. "Promising Practices in Online Learning for At-Risk Students and Credit Recovery." N. American Council for Online Learning.

The approximately 100 million Americans that have yet to adopt broadband are currently excluded from an increasingly vital resource that not only adds value to the individual's life, but contributes to the vitality of their community and the nation as a whole. Furthermore, the pace of technological change in the 21st century economy means the more we delay addressing the digital divide, the more difficult and costly the effort will become to extend these technologies to non-adopters and prepare them to effectively use it. However, the urgency in bridging this divide means that we must not focus solely on subscribership but also on the usage and utility of broadband.

Making universal broadband access and adoption a national priority will benefit individuals and the nation as whole. While individuals will discover personal socioeconomic gains from adoption of broadband, a population of broadband adopters will lead to significant progress around strengthening educational outcomes, increasing innovation and entrepreneurship, reducing healthcare costs, and improving the efficiency of government services.

[8] Mossberger, K. , Tolbert, C. J., Johns, K. and King, B. , 2006-08-31 "The Digital Divide and Economic Opportunity: Does Internet Use Matter for Less-Skilled Workers" American Political Science Association

4 One Economy's Recommendations in Regards to Lifeline and Link-Up

We cannot wait any longer to consider whether or not to modernize the Universal Service Fund (USF), especially the low-income or Lifeline and Link-Up (LLLU) fund. Telephony has sufficiently progressed toward the point where nearly all consumers have access to voice services. If we do not act quickly, we will fail to take advantage of the progresses in voice services, such as the delivery of Voice over Internet Protocol (VoIP) over data lines, and we will also fail to address the profound need around broadband adoption, as demonstrated in the previous section.

We recommend that the FCC consider all activities around USF reform within the rubric of modernizing the fund to include broadband; the recommendations that follow will help to achieve this imperative.

4.1 All Efforts around Lifeline and Link-Up Must Consider Modernization

Federal stimulus funding (American Recovery and Reinvestment Act), the National Broadband Plan, and the ambitious goals laid out by President Obama in the 2011 State of the Union have emphasized the value broadband contributes to national goals related to education, employment, and health; they have highlighted the urgency with which we need to act to ensure universal access and adoption. These efforts have helped to build momentum around the idea that broadband should be a ubiquitous part of the lives of every student, teacher, parent and worker in America. Meanwhile, the merger condition offered by Comcast under the Comcast Broadband Opportunity Program (CBOP)[9], a similar condition agreed to in the CenturyLink – Qwest merger[10], and the failed bid of the Digital Adoption Coalition[11] show that private industry is on the precipice of entering, engaging, and enabling the emerging market of low-income subscribers, especially if government helps to support these efforts.

The FCC's current effort to modernize the USF is the most important policy lever that government can use to overcome barriers to universal access and adoption of broadband. If done properly, USF reform can unleash the grand opportunity of the NBP and a truly connected America. If this momentum is leveraged to modernize the USF, we will pave the path to providing all Americans with the tools, knowledge, and information to shape a positive future. In this vein, USF can act as both a catalyst and a complement to market forces.

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[9] Under the approval of the Comcast-NBCU merger, the FCC set conditions around broadband adoption and deployment that "Comcast make available to approximately 2.5 million households: (i) high speed Internet access service for less than $10 per month; (ii) personal computers, netbooks, or other computer equipment at a purchase price below $150; and (iii) an array of digital-literacy education opportunities".

[10] Under the approval of this merger, the FCC set similar binding and enforceable conditions related to broadband adoption for low-income consumers, broadband deployment, advancing Universal Service Fund reform, and protection against potential transaction-related harms.

[11] Digital Adoption Coalition (DAC) consisted of One Economy, AT&T, Brighthouse, Cablevision, Charter Communications, Comcast, Cox Communications, Dell, Hewlett Packard, Intel, Microsoft, National Cable and Telecommunications Association, Time Warner, U.S. Telecom, and several other cable companies. The DAC applied for approximately $52 million in American Recovery and Reinvestment Act funding, with significant match funding provided by the private partners, under the Sustainable Broadband Adoption Coalition. The DAC's application was not accepted by the U.S. Department of Commerce's National Telecommunications and Information Administration.

On the supply side, including broadband in the definition of universal service will likely add some additional administrative burdens on both ETCs and the Universal Service Administrative Company (USAC). While these are necessary costs to ensuring universal access and adoption, we must deal with these immediately in order to pave the path to modernization. Today, the FCC should target the significant waste, fraud, and abuse that currently affects USF. These immediate reforms will allow ETCs and the USAC to begin to put efficient and cost-effective policies and procedures in place that can be extended to broadband service as it is incorporated into the fund. This will ensure additional resources are not wasted, while the FCC focuses on reforms that may take more time, such as reforming eligibility mechanisms, refining outreach, and evaluating results of the broadband pilots.

Though we recognize the political and regulatory constraints the FCC must navigate and consider, 2011 is a vital year for modernization. Before new and pressing issues are brought before the FCC for consideration, we formally and urgently recommend that the FCC concentrate its efforts on creating and implementing a plan for modernization before the year's end.

4.2 Create a National Database of Eligible Persons

In leading the Digital Adoption Coalition and in partnering with Comcast for CBOP, One Economy has seen the huge barrier created by extremely inefficient eligibility mechanisms. Telecommunication companies are brought out of their comfort zone by attempting to utilize government eligibility mechanisms, and often those eligibility mechanisms provide insufficient access and verification capabilities. For instance, through the Digital Adoption Coalition, we sought to provide broadband adoption services (discounted broadband service, discounted computers, and digital literacy training) for families with children in the NSLP, residents in public and affordable housing, and for senior citizens. Across the board, program eligibility was extremely difficult for ISPs to access. NSLP data carries privacy protections that do not allow either the ISPs to access the data or the Department of Education or the Department of Agriculture (who administers the program) to open up their database for ISP access. Public and affordable housing data could only be accessed with a significant amount of re-coding of the database and signoff from the Secretary's office. CBOP, which targets families of students on the free NSLP program, faces these same difficult barriers.

Meanwhile, we need to make individuals and families aware of USF programs and other broadband adoption programs for which they are eligible. Eligible Telecommunications Carriers (ETCs) should be required to reach out to these customers. However, the current system's inefficiencies make a lack of awareness an intractable problem.

To stimulate broadband adoption, eligibility verification is an absolute necessity. Standardizing eligibility is vital for program integrity and to ensure that the resources are utilized by the low-income users that need the resources the most. As ISPs work with USF funds or execute broadband adoption programs on their own, they need to know that their funds target eligible recipients and not cannibalize their market. We do not think that the criteria employed by the USF are

wrong nor do we think that the eligibility level needs to be raised to 150% of poverty, as considered by the Federal-State Joint Board.[12]

If these eligibility criteria were easily accessible by eligible ISPs or ETCs, the administration of USF and the LLLU programs would be vastly simplified. Additionally, ISPs that do not participate in these programs should also be provided access for certified broadband adoption programs.

One Economy recommends the creation of a national database of eligible citizens for USF programs. If an individual chooses to have programmatic-specific information or other key variables displaced, they should be able to easily opt out of those specific variables at the time that they become part of that eligible program. This national database should be held by the FCC or the USAC. They should collect the data from the agencies that oversee the various programs, aggregate it into a single database, and provide ISPs who meet the ETC criteria or are pursuing a legitimate broadband adoption program with verification information. By setting up the USAC as a third-party database company, ISPs never have to "touch" the individual data; rather, they can provide the necessary criteria to USAC in terms of geographic boundary and eligibility criteria. Finally, a national database will add tremendous quantitative and qualitative value to government agencies, ETCs, and third-party organizations that are interested in assessing the effectiveness and impact of programs associated with universal access and adoption.

Everyone who gains access to this database and USF funds should be required to conduct certain awareness activities to the eligible customer base, including outreach through agencies, direct response, and public service announcements. Because of strict local and state guidelines for support/resources, coupled with the seal of approval by communities at large, we also recommend that ISPs partner with nonprofits and Community Development Organizations (CDOs) to market the

[12] In the Matter of Federal-State Joint Board on Universal Service Lifeline and Link Up, CC Docket No. 96-45, WC Docket Nol. 03-109, Recommended Decision. 4 November 2010. Page 2.

program and help find eligible users. In addition, these organizations share a common purpose in helping bring broadband technology to their clients. The CDO partnership also provides the carriers with a strong public private partnership tie to the local community and helps the partnership positively affect the community.

4.3 Apply Comprehensive Adoption to Lifeline

Since the revision and expansion of the LLLU program in 1996, there have been remarkable changes in telephony and the expansion of broadband and wireless technologies. The growth of mobile telephony and VoIP has reduced demand for landline telephony, thereby decreasing the importance of its support through programs such as Lifeline. Concurrently, the growth of broadband technology has transformed telecommunications services from a simple one-to-one communication service into platforms that provide tremendously valuable services related to education, employment, and health. Despite the value that broadband can add to an individual's life, a significant portion of the U.S. population has yet to adopt the technology in the home. While cost remains the most significant barrier to broadband adoption, research by the FCC, NTIA, and independent organizations reveals that digital literacy and relevance of the technology are also major barriers to adoption.

OE recommends that under the Lifeline program, the definition of universal service be amended to explicitly allow for the support of broadband as a necessary technology in our 21st century economy. We recognize that broadband requires additional elements not present in telephony, namely more expensive hardware, digital literacy, and relevancy. While USF should not be required to provide funding for all of these broadband adoption efforts, modernization should include policies that leverage resources from other federal programs, public private partnerships, and private partner contributions that address all the barriers to adoption.

In regards to the current barriers to broadband adoption, OE recommends the following approaches be incorporated directly into a reformed USF program or through partnerships and policy initiatives that bring in outside resources from other public, private, or philanthropic entities:

Cost of Broadband **-** OE recommends that the LLLU program be modernized to offer low-income households broadband at or below $10 a month in year one to two. Following those first two years, the price could be raised in a step-wise fashion toward market pricing as consumers begin to grasp the value of broadband. Our research has shown significant increases in willingness-to-pay once broadband has been utilized for a year or more. This step-wise approach will likely establish a customer-base for ISPs in underserved communities. These early-adopters can serve as an initial anchor to ISPs and incentivize them to explore shared-technology strategies that could lead to new ways of profitably deploying broadband into low-income communities. A certain group of people below the poverty line may never be able to support broadband at rates greater than $10 per month, so the subsidy should remain for the highest level of poverty (level determined by the FCC).

Cost of Computers **–** LLLU modernization should include an effort to offer affordable computing options to eligible consumers. Eligible consumers should be provided with a choice of affordable options that reflects the various demands of consumers. Affordability does not have to be strictly defined, but can vary in terms of financing, rebate options, and the various computer choices such as laptops, desktops, netbooks, and refurbished options. To truly address the computer cost barrier, OE recommends at least one option at or below a $150 initial price point, in addition to at least two, and preferably several more choices. We call this the "good, better, best" model for computer provision. OE recommends that USF provide a relatively small subsidy, such as $25-$40, toward the computer purchase, provided private partners support the rest of the subsidy.

Digital Literacy – More than a fifth of non-adopters cite digital literacy as the primary reason they have not adopted broadband.[13] For this reason, digital literacy training services should be offered in coordination with the deployment of broadband through LLLU to all individuals that require increased education in basic

[13] Horrigan, John, "Broadband Adoption and Use in America", OBI Working Paper Series NO. 1, Federal Communications Commission, February 2010.

digital technology. Training options should be offered in both an online and in-person capacity and should be based upon the needs of the targeted demographic. Additionally, best-practice digital literacy programs will provide the opportunity for participants to address issues related to financial literacy, online job training, online education, entrepreneurship, or basic computer coding. While OE does not recommend that these be requirements of digital literacy training offerings, in our experience programs that incorporate trainings around important life issues are more likely to result in sustainable adoption. We recommend that all ETCs be required to provide digital literacy to eligible customers.

Local Content – LLLU modernization should include mechanisms that encourage ETCs to provide consumers with localized content that meets their needs and the concerns of their local community. Many non-adopters believe the Internet is not relevant to their lives and offers little valuable content or resources. Yet, the advent of broadband technology has allowed for the distribution of hyper-local, community-based content in ways never available before. Providing resources that connect consumers with local services in their community and digital tools that solve basic problems will enhance sustainable adoption and contribute to community development and solving national purposes related to education, workforce development, personal health and government services. The cost of partnering with entities that deliver local content is small, and ETCs should be required to deliver a minimum level of local content to the community.

4.4 Promote Serious and Immediate Pilots

OE submitted two pilots in an Ex Parte to Chairman Genachowski on February 10, 2011, both of which were included in the NPRM. Those two pilots focused on 1) "4G Public Private Partnership" and 2) "Reverse Auctions." We will restate our rationale behind these two pilots, plus a third pilot around "Shared Wireless Services in HUD Public and Affordable Multi-Dwelling Units."

As we stated at the time, "One Economy believes no single effort by the Federal Communications Commission (FCC) could do more to advance the cause of broadband adoption than fostering serious and immediate market-based pilots around USF modernization." Before delving into the pilots that OE has offered, we recommend the following principles be considered when evaluating pilot proposals:

1. Pilots should not slow down the process toward modernization, ideally running concurrently with a modernized USF program. We have a relatively good idea of what the base program should be: $10 or less broadband, a computer option of $150 or less in addition to other choices for the customer, digital literacy training, and relevant content. Pilots can refine these elements, in addition to testing other key elements as described below in #3, but we should not delay USF modernization in order to read the results of the pilots.
2. Pilots should deliver quick results: As a corollary to #1, we should not be running pilots that will take over one year to read initial results. Rather, we should focus on pilots that can be read very quickly.
3. Pilots must cover key, substantial issues: Some important issues that should be addressed include: encouraging market entry; including other adoption elements, such as digital literacy training and computer subsidies; determining pricing, including phasing out subsidies over time; difference in adoption programs in urban versus rural and seniors versus non-seniors; and understanding mobile versus fixed broadband.

4. Pilots should leverage significant contribution from the private sector, both in the initial pilot and in a rollout if the program is successful.
5. Pilot ETCs should include a Digital Adoption Fund and PPP support to help provide digital literacy, affordable computing options, and localized content.

Keeping all of the above in mind, our proposals are as follows (the first two pilot proposals are taken from the Ex Parte on February 11, 2011):

4G Public Private Partnership (PPP) Pilot

We believe that a significant yet extremely cost-effective pilot should be carried out in a large metro MSA most significantly impacted by the current economic conditions (e.g. Detroit or New Orleans). Purpose-driven broadband could deliver great impact to the city, providing the necessary at-home and mobile connections to support 24/7 education, health, job, and government service access. With intention, we can foster application development around these initiatives and create a fertile bed for use by those hit hardest by the economy. This 4G PPP Pilot would bring together a nonprofit intermediary to administer the pilot, convene the community, and provide digital literacy training; a spectrum holder to contribute spectrum on favorable terms; a carrier to serve as the delivery and billing agent; a customer-premise equipment (CPE) company; a tower company; computer and mobile device companies; and community and municipal leaders. We have already approached these entities and, based on funding, could launch a pilot by Q3 2011. To provide 4G wireless to the entire 800,000 Detroit metro, it would cost a fraction of that of a wireless or even a fiber-based network. In addition to creating a viable and extensible infrastructure, the effort should include other services that would further support the sustainability and reach of the project, such as awareness, training, and community capacity-building. With a 4G foundation in place, technology to support public safety could also serve as an anchor element to this pilot. This pilot should be accretive to the investments in fiber funded through Broadband Technology Opportunities Program (BTOP) and leverage significant contribution from the private sector and a sustainable model for network continuity. To make this pilot

happen and prove out an eminently scalable model to extend broadband, broadband adoption, and broadband utility to low-income communities, we look to the FCC for support.

Reverse Auction Pilot

We believe that there is no better stimulus for broadband and for the economy than leveraging policy tools to promote market-driven activity. Reverse Auctions that provide winners with quantifiable markets will almost assuredly focus increased attention and efforts by Internet Service Providers (ISPs), mobile or fixed, to reach these communities. ISPs will compete against known low-income, minority, or unserved communities with offerings that provide the lowest-price, highest speed, and congruent training efforts to these communities. The winner will receive singular access to that community, with or without additional USF subsidies for capital build-out. This market-driven mechanism, at the FCC's disposal, could provide tremendous inroads into our nation's broadband adoption problem. We suggest 1-2 Pilots in urban, Native American, and/or rural communities.

Shared Wireless Services in HUD Public and Affordable Multi-Dwelling Units (MDUs)

This last pilot recommendation was not included in the original Ex Parte, but this recommendation has been informed by more than a decades worth of work within public and affordable housing, in addition to our landmark *AccessAll* partnership with and grant from AT&T. To date, this is the largest broadband adoption program in terms of funding and people served in the United States. In 2010 – 2012, we are using funding from AT&T and from BTOP to deliver free Internet service to HUD affordable and public MDUs via WiFi connectivity for an initial period (two years for BTOP, though 6 to 18 months free will help create a fertile ecosystem), followed by additional years of shared access at $10 or less per household per month. As long as approximately 30% of the households in the MDUs subscribe, One Economy and our partners will be able to sustain the network. This sustainable effort could serve as a basis for Lifeline funding in MDUs, and we ask that the FCC approve these programs as being eligible for Lifeline funding and explore the possibility of

leveraging this with fixed wireless capabilities and spectrum assets that have been underutilized for the past decade. With Lifeline funding, we could quickly expand these efforts across the HUD footprint. Additionally, we wish to trial 4G and shared network technology efforts within MDUs, including the provision of community-based applications, cloud storage, and community hotspots. This pilot should be extremely attractive, in that it only uses Lifeline funds for the first one to two years of the project.

4.5 Promote Market Forces and Public Private Partnerships

OE's mission is to ensure that every person, regardless of income and location, can maximize the power of technology to improve the quality of his or her life and enter the economic mainstream. For this belief to succeed within the USF framework, the program needs to stimulate the market and invigorate private sector participants, not replace them. That is why we have proposed market-oriented pilots, including Reverse Auctions to encourage ISPs to enter the low-income market, 4G PPPs to bring thoughtful partnerships together to explore the potential of next generation wireless, and shared access within MDUs to bring broadband to some of the poorest citizens with the goal that they eventually become paying customers. And it is why we believe that broadband should also serve national purposes as we described in detail in Section 4.7.

We do not believe in lifetime LLLU subsidies. Within one to two years after low-income citizens first consume broadband, the perceived value of broadband goes up to these citizens; our studies and others have clearly demonstrated this. As that perceived value increases, so does the willingness to pay. Subsidies could decrease to persons from low-income communities over time (besides the very poor who will simply not be able to afford broadband), in order to maximize the efficiency and reach of USF while also providing these citizens the vital opportunity to enter the economic marketplace as consumers. The government should serve as a stimulant, encouraging this initial provision by ISPs and consumption by low-income consumers and easing the path toward adoption with subsidies and partnership creation; it should not replace the marketplace.

USF policy and practice should also stimulate the development of public private partnerships (PPPs) to strengthen the market offering for underserved and unserved markets. PPPs are extremely successful tools in overcoming broadband adoption problems, as we have seen with our work with AT&T, Comcast, Cricket, Wal-Mart, and many others.

Some of the many important roles for PPPs include:

- *Providing cheaper, better device options*: By bringing together original equipment manufacturers (OEMs), chip companies, operating system and software companies, retailers, content providers, financiers, and nonprofit providers, we can reduce costs, provide financing options, target offerings, and provide choice to low-income consumers. OE has led large-scale device-oriented PPPs for both the Digital Adoption Coalition and for CBOP.

- *Delivering digital literacy training:* By bringing together nonprofit providers with ISPs, retailers, and content providers, we can provide targeted basic training and advanced training on online jobs, entrepreneurship, education, and other activities. ISPs and other PPP providers stand to benefit from a digitally-literate populace, as does society as a whole.

- *Funding large-scale projects:* By bringing private capital into PPPs, we can create truly scalable efforts that are still responsive to and accountable to community needs.

- *Staying close to the community*: By letting nonprofit groups and community development organizations (CDOs) interact at a local level with the targeted community, the PPPs will benefit from on-the-ground knowledge, near instant feedback, and an understanding of the true needs of the community. Localized relevancy will also put community leaders in charge of adoption activities at a ground level. Additionally, the PPPs stand to benefit from ground-up buy-in, improved community relations, and increased brand protection.

4.6 Leverage Partnerships with Other Agencies and Programs

Given the economic climate, we are not proposing increasing the size of USF. One way we can get more out of a modernized USF is for the FCC to encourage partnerships with other federally and locally-funded programs that encourage partnerships for broadband deployment and adoption like Community Development Block Grants (CDBG), BTOP, and other programs. CDBG funding can be allocated for a variety of broadband adoption programs such as the creation of WiFi hotspots within low-income communities, the implementation of computer labs, Internet training and low-cost hardwire acquisition programs, as well as youth education programs and workforce development initiatives around green and technology jobs.

Government and community partnerships can leverage outside funds to increase the impact of the USF resources. In addition to USF and BTOP, we encourage looking at other federal government programs where resources could be leveraged to target underserved communities. Below, we list several programs that are currently underway within other federal agencies, as well as programs included in the White House's Neighborhood Revitalization Initiative (NRI) programs. We believe that leveraging these federal resources and infusing them with adoption initiatives will only enhance their scope and outcomes.

Department of Education: National Education Technology Plan, Race to the Top, and Promise Neighborhoods

Linking USF activities and PPPs with the Department of Education and the goal of improving educational outcomes to children should be very high on the FCC's list of collaboration partners.

- The Department of Education's National Education Technology Plan (NETP) indirectly places a heavy burden on broadband connectivity and adoption in order "to provide access to more learning resources than are available in classrooms and connections to a wider set of 'educators,' including teachers,

parents, experts, and mentors outside the classroom. It also should be used to enable 24/7 and lifelong learning."[14] Only in "connected communities" where children have ubiquitous opportunities for learning and access to digital content, tools and resources, experts, and peers who can offer immediate assistance regardless of geographic proximity will the NETP meet its goal.

- Race to the Top provides funding for innovative, scalable, proven programs that are either housed in or linked to local educational agencies (LEAs).
- Promise Neighborhoods, part of NRI and arising out of the positive experience of the Harlem Children's Zone, seeks to provide full-circle support for children in a community by surrounding them with a supportive community and a school at its core. One of the intelligent requirements for a Promise Neighborhoods grant is as follows: "Ensure that almost all students in the geographic area proposed to be served have broadband Internet access at home and at school, a connected computing device, and the knowledge and skills to use broadband Internet access effectively and a connected computing device to support schoolwork."[15]

U.S. Department of Housing and Urban Development (HUD) and Choice Neighborhoods

HUD has expressed significant interest in broadband adoption programs. They have been very supportive of OE's shared access program with AT&T, and they also were prepared to do significant database work in order to improve eligibility verification should our Digital Adoption Coalition have received funding. All HUD residents meet the general qualification standard for Lifeline funding, and the MDUs in which many reside provide fertile beds for awareness marketing, digital literacy training, and networked ecosystems. Though HUD would certainly like to play a role in providing broadband adoption for all its residents, and MDUs would likely be first on the list, a good place to start is the Choice Neighborhoods program, which is also

[14] U.S. Department of Education, Office of Educational Technology. *National Education Technology Plan 2010, Executive Summary*. page 8. November 2010.
[15] FY2010 Promise Neighborhoods Application Package. Department of Education.

part of the NRI. The Choice Neighborhood program has the goal of transforming distressed neighborhoods and public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs. A strong emphasis will be placed on local community planning and access to high-quality educational opportunities, including early childhood education. In addition to public housing authorities, the initiative will involve local governments, nonprofits, and for-profit developers in undertaking comprehensive local planning with residents and the community. The Departments of Education, Justice, and Health and Human Services are working with HUD to coordinate investments in neighborhoods of concentrated poverty, including those targeted by Choice Neighborhoods.

Department of Health and Human Services (HHS) and Community Health Centers

In 2010, HHS provided $727 million to 143 community health centers across the country to address pressing construction and renovation needs and expand access to quality health care. The funds are the first in a series of awards that will be made available to community health centers under the Affordable Care Act. The Capital Development program grants, administered by HHS' Health Resources and Services Administration (HRSA), will support major construction and renovation at 143 community health centers nationwide. This builds on the more than $2 billion investment in community health centers in the ARRA. Within the notion of health centers as anchor institutions should certainly be the notion of community broadband and the usage of health applications, in addition to connectivity in the health center.

Other Agencies

Though we have not delved as deep into these agencies, we believe there should also be synergies with:

- Department of Labor around online job training;

- Small Business Association around entrepreneurship and e-commerce;
- Corporation for National and Community Service around digital literacy training through volunteering and service-oriented learning funding;
- Department of Energy for online energy efficiency and smart metering

Garnering State and Local Support

To provide supplemental support, as well as to sustain USF, OE also looks to leadership in state and local governments. One of our most successful campaigns was the "Bring IT Home" campaign that we ran to change state and local finance rules to encourage broadband in HUD housing. This campaign changed laws in 42 states, leading to a proliferation of new MDUs and individual housing units that today have access to broadband. Earlier this year, we created the National Technology Adoption Advisory Council (NTAAC), which can play a similar role in supporting efforts for broadband adoption, supplementing funds from USF with local support. NTAAC is a national advisory board of elected officials with the mission of guiding technology and broadband adoption at a local level. These officials also sit on legislative bodies of local and state governments and have the capacity to obtain funding to sustain community technology adoption programs. NTAAC member and Seattle Councilperson Bruce Harrell has already advanced this strategy, by recently pushing broadband adoption policy to the city council, a potential model for many other locales.

To restate the point made at the beginning of this section in another way, OE does not recommend that the FCC codify linkages with other agencies and programs as part of USF. Rather, we believe that the FCC can help convene these cross-agency relationships as well as work with nonprofits and ETCs to enlarge the benefits and services provided.

4.7 Maximize the Opportunity: Achieve National Purposes through Public Purpose Applications of USF Funds

One Economy's approach is one of mitigating obstacles and maximizing opportunities. To this point, we have largely addressed ways to mitigate barriers to adoption via LLLU and complementary programs. In this section, we will discuss the opportunity we have to achieve national purposes through USF's LLLU, a subject broached in the previous section when we discussed partnerships with agencies such as the Department of Education, Department of Health and Human Services, and Department of Labor. In this vein, we must facilitate programs that provide more than cost-relief. Minimizing this burden is undoubtedly a crucial part of advancing broadband adoption among low-income Americans; however simply having access to a resource does not ensure its use. Reform and modernization should include levers to facilitate the use of tools and applications that improve the lives of users in areas such as education, employment, and healthcare. Such active digital participation can have countless benefits for the subscriber, including substantial economic gains and improved standards of living.

We'd like to suggest viewing a broadband-focused USF through the eyes of three stakeholder categories, to gain insight into their view of national purposes:

- *Non-Adopters:* In research previewed in February, the NTIA estimated that in 2010, the number of non-subscribers who cited lack of interest and/or need rose from 37.8 percent in 2009 to 45.6 percent. [16] Those who participate in subsidy programs need to feel that the benefit of the content and applications delivered through broadband are great enough to justify their interest and their sustainable investment, along with improving their lives. In order for broadband to make this change, the content and applications needs to be accessible (i.e. in their language, at

[16] National Telecommunications and Information Administration. "Digital Nation: Expanding Internet Usage" Research Preview. February 2011.

their literacy level, meeting any disability or aging characteristic), and these content and applications need to deliver true benefits in education, employment, energy savings, health, and access to government services.

- *General Public and Government:* While One Economy would consider supporting long-term phase-out of subsidized connectivity for all besides the poorest in our society when certain goals of adoption are met (One Economy has coined the 3 Us: Ubiquity, Usage, and Utility)[17] are met, these funds need to be secured in the near-term in order to stimulate broadband adoption, meet the goals of the NBP, and, subsequently, render the subsidy less necessary. To help amass support for government subsidies to fuel broadband adoption, the general public needs to be convinced that the funds are being used to serve national purposes. Broadband is just the tool for the delivery of the content and applications that will result in societal improvement and economic productivity.

- *Private Investors* - An important goal in modernizing the USF program should be to stimulate more non-government funding to help deliver broadband adoption. Whether these funds are provided by large corporations with shared strategic interests, private equity or venture capital, local businesses or even nonprofit organizations, these investments must deliver sufficient returns. One Economy is pleased with the investment that Comcast is making in the CBOP program, that AT&T has made in AccessAll, and that Microsoft is currently committing to digital education ecosystems. We are also heartened by significant venture investments made in EverFi and Hellowallet, which help democratize online financial literacy and asset building. We are heartened by the PillPhone, a mobile application partnership between OE,

[17] Refer to One Economy's previous comments submitted to the FCC in the matter of the National Broadband Plan (GN Docket No. 09-137) for a discussion on goals on adoption around ubiquity, usage, and utility.

Cricket Communications, George Washington University, Qualcomm, and Vocel to help remind patients when to take their medicine that delivered extremely positive results in research conducted by GWU[18]. And we are heartened by developer response to our own Applications for Good[19] (www.applicationsforgood.com), an online community devoted to driving "crowd creation" of public purpose applications for the low-income community. With the private sector on board and looking at the low-income population as a viable market, in their own and the public interest, we can help create the momentum needed to improve the well-being of both our country and the citizens who are most in need.

In his speech to the Joint Center in March 2011, Blair Levin addressed these issues by recommending a system based on reciprocal commitments. Under such a program, an additional discount would be granted to subscribers on the condition that they participate in various programs, such as subsidies granted to households based on children maintaining a certain grade point average, unemployed persons receiving subsidies contingent on completing online job-training, or senior citizens receiving subsidies for cutting down on paper usage by completing transactions online. These discounts would come from outside of the USF program, such as funds from external agencies (similar to the cross-agency collaboration mentioned in our previous section), private industry, or nonprofit organizations that benefit from subscribers utilizing the resources and applications they provide.[20]

In order to make these programs as accessible and user-friendly as possible, Levin proposed creating a website that lists all such programs and their respective qualifications to participate.[21] Information about the website and the programs

[18] Brian T. Horowitz. "Mobile Phone App Helps Patients Take Medication More Consistently: Study" February 2011
[19] "Applications for Good" launched in March 2011 at South by SouthWest. AT&T served as a generous sponsor of our initial contest.
[20] Levin, Blair. "My Mistake; Our Opportunity." Speech to the Joint Center on Political and Economic Studies at the National Press Club. March 2, 2011.
[21] Ibid.

offered could be provided to each LLLU subscriber in information packets and/or delivered online upon subscribing for broadband through the modernized program.

This concept presupposes that there are "better ways" to use digital means than others: Levin believes that we should be working with private, public, and nonprofit organizations to incentivize usage for national purposes. This forces us to put a stake in the ground and say that these additional incentives will go to these national purposes and not for using broadband for pure entertainment means. We agree, and we also applaud Levin's market-focused creativity in playing off of previous models and devising this innovative concept. Consumers should absolutely have choice, and we should not be paternalistic in our concerns. Whatever a person legally chooses to consume over digital means should be his or her right. However, if we seek additional incentives, then those incentives should help lift up communities and our nation, in terms of education, energy, health, jobs, and use of government services.

In addition to programs providing additional subsidies, OE proposes that any website for Lifeline subscribers also include training and assistance programs as well as online applications that may not provide a subsidy but offer a valuable service. One example would be an application that allows users to search online by their ZIP code to locate resources within their own communities that they can benefit from, such as a local resume building workshop or a free class that provides tips on how to save money and benefit the environment by becoming more eco-friendly. We have created a tool to do this, called the Resource Locator, and have found that it greatly increases relevance and utility, in addition to fostering online communities for the people that we serve.

Levin's program is one way to address the issue of national purposes. Public private partnerships can address this as well, as can private investment in-and-of-itself once the market has been properly stimulated and investors can forecast worthwhile returns. We recommend that the FCC consider Levin's recommendation of

incremental incentives to a Lifeline program for broadband, promote the creation of PPPs that also address this, and foster cross-agency collaboration to ensure that we meet the national purposes recommended in the NBP.

4.8 Mobility Fund Recommendations

Though we are in general restricting our comments to LLLU, OE realizes the importance of the Mobility Fund in USF modernization, so we will touch on it briefly in these comments with some recommendations. FCC has proposed that a one-time injection of USF High Cost funding, anywhere from $100 million to $300 million, be used to spur the build-out of 3G or better mobile networks to unserved areas—identified by the lack of infrastructure and fiber necessary to receive current-generation service. These "dead zones" can be found in every state and in both rural and urban communities.

One Economy makes the following recommendations for the Mobility Fund:

Mobility Fund Recommendation #1: Minimum performance requirements must include a 4G pathway.

The Mobility Fund NPRM, issued in October of 2010, sought comment on whether or not there should be a minimum performance requirement that must be met in order to receive funding. One Economy agrees that providing 3G service should be a requisite, but we also recommend preferential treatment to 4G networks and that all applications illustrate that they are readily upgradeable to 4G. Such "future-proofing" mechanisms will help to ensure that these networks do not become quickly outdated by more advanced services, and it will enable "leapfrogging" in unserved and underserved communities.

Recommendation #2: The size of the Mobility Fund should be set at the higher side of the proposed funding range, closer to $300 million.

For the program to reach as many Americans with mobile wireless coverage as possible, it is necessary to push for the largest amount of funds possible to be invested in the Mobility Fund. While reaching 100 percent of Americans is an unfeasible goal, and does not support our position that the costs of build out must not exceed the benefits, this one-time infusion of funds should be as meaningful and

sustainable as possible. To this end, the Mobility Fund should also be used to fund projects in urban "dead zones," primarily low-income neighborhoods with minimal advanced services, in addition to unserved rural communities. Since build out in rural areas will undoubtedly cost significantly more per person than in urban areas, maximizing the size of the fund maximizes the efficiency of the dollars spent on populations in need. Of course, the most important role will be to stimulate build-out in remote rural communities.

Recommendation #3: Maximize efficiency by focusing on concentration

As stated in the NBP, "USF resources are finite, and policymakers need to weigh tradeoffs in allocating those resources so that the nation gets the most bang for its buck."[22] While it is important to fund build-out in rural areas that lack an incentive for private investment, it is also important that funds be directed to areas that can rely partially on private investment. These areas require a smaller allotment of funds while potentially impacting a greater number of people. While these funds should focus on remote communities first, they should also maximize efficiency by connecting the most people possible with the money allotted for the program.

One Economy believes that the Mobility Fund can have substantial positive effects on unserved populations. As technology becomes increasingly portable and Americans access information and resources more frequently from mobile devices, we must ensure that those populations that could benefit most from mobility will not be left behind.

[22] "Connecting America: The National Broadband Plan"

4.9 Eligible Telecommunications Carriers Should Include Nonprofits and Public Private Partnerships

Currently, universal service limits funding to entities recognized as being eligible telecommunications carriers (ETCs). The Act defines an ETC as a local exchange carrier that has been designated by a state commission to provide basic services, at affordable rates, to all subscribers in a specified service area.[23] One Economy proposes that the definition of ETCs be expanded to include nonprofits and public-private partnerships that are currently working to advance broadband adoption and provide services to unserved and underserved populations.

There are a number of advantages gained by extending ETC designation to include nonprofits and PPPs:

- Collaboration between parties that represent corporate interests and those that represent the public interest are best equipped to satisfy the needs and demands of both—creating innovative solutions that the public and private sectors can both benefit from.

- Community-based nonprofit organizations can offer valuable insight into the unique needs, challenges and strengths of individual communities where subsidies for service will be directed. Such insight maximizes efficiency as well as the likelihood of a successful and sustainable program.

- PPPs are best equipped to spread awareness of universal service programs including LLLU. Local organizations and nonprofits who have been working to connect these communities already have experience in spreading such awareness of the resources available to them. In that vein, all ETCs should be mandated to provide broad awareness to the target market of their offering.

[23] Telecommunications Act of 1996. http://www.fcc.gov/telecom.html

- PPPs can bring private investment from varied parties in order to help fund innovation and market-driven incentives that can, over time, significantly lower the amount of government funding necessary to provide service to disadvantaged populations.